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Sent:9/5/2007 7:17 AM.

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Cc: [-] Kirk Forsht/=TMS/Toyota;kaoru_yamamoto@toyota.com;Gordon_Rush@toyota.com.

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Subject: URGENT! - Telecon with TMC this morning.

DZ:

As I indicated in my voice mail message to you last night, we were invited to a telecon scheduled for this morning at 4:00 am Pacific Time regarding the AWFM issue. The participants were as follows:

TMC

Yokoyama, GM JCQE
Kato (Mitch), Mgr JCQE
Oba, JCQE
Ogata, JCQE
Yoshie, GM OS CAD
M. Jarboe, JCQE
Igarashi, OS-FOD
Kamada, OS-FOD

TMA-DC

C. Tinto
C. Santucci

TMS

T. Nagata, PQ&SS
K. Yamamoto, PQ&SS
G. Morino, PQ&SS
S. Tomizuka, CAD

TMC Plan

Meet with NHTSA as the agency suggests on 09/13 (Thursday). Yokoyama-san and Mitch Kato will attend from TMC.

At the meeting, show NHTSA the progress made so far in TMC's internal investigation.

Provide NHTSA with a plan that Toyota will send a dealer notification and owner notification advising owners of Avalon, Camry and Prius vehicles not to use the AWFM, proper usage if they are going to use the mat, and how to shut down the vehicle in an emergency. A similar letter would need to be sent for Lexus (IS and re-stress ES). This would not be a Safety Recall letter, but instead a Service Campaign letter.

Toyota would also conduct a Press Release at this time. The details of the Press Release would need to be developed between TMC and TMS.

TMC hopes this strategy will buy Toyota a few weeks to finish the internal engineering evaluation including possibly a peer vehicle review.

At the conclusion of the Toyota internal investigation, propose a new idea like recovering the floor mats, etc., and conduct a campaign. TMC also mentioned, they may consider modifying the accelerator pedal or floor pan design for future models, etc.

Negotiate with NHTSA to have the agency close the investigation in exchange for Toyota's plan.

Discussion

TMC made it pretty clear that they did not want to conduct a Safety Recall.

TMC also made it clear they did not consider this as a vehicle side defect at this time. Although if they find something during their internal investigation that may change things.

TMS suggested that TMC prepare evidence and counter arguments to the allegations that NHTSA brought up at last week's meeting. For example the warnings available on the instrument panel to indicate to consumers which gear they are in. How the brakes will stop the vehicle and data to support that statement, etc. However, TMC indicated they simply didn't have enough time to develop all the evidence.

TMS also stated that regardless of what Toyota calls it, the consumer will perceive it as a recall. Therefore, it would be preferable to conduct one owner notification and one press release, not multiples as TMC is suggesting.

TMS also brought up the possibility that if we simply recover all of the floor mats from consumers and not provide an alternative floor mat, an aftermarket company may be willing to quickly fill the demand. If this occurs and the aftermarket mat is no better than our mat, this concern may occur again and NHTSA may come back and open

another investigation.

TMC and TMA recognized our concerns, but indicated they we don't have any time.

If we have a better solution, TMC requested that we suggest it.

TMA indicated they liked TMC's plan and requested TMC and TMS work out the details.

We have a meeting with Jane Beseda, Mike Reding, S. Tomizuka (CAD Coodinator), T. Nagata and myself at 9:30 am at Jane's office. I'm taking an ES 350 with AWFM just in case Jane would like to see it.

I'll let you know how it goes...

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